

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

Appellants: Jay S. Walker, John M.	)	Group Art Unit: 3622
Packes, Jr., Daniel E.	)	
Tedesco, Stephen C.	)	Examiner: CHAMPAGNE,
Tulley, Keith Berner,	)	Donald
James A. Jorasch	)	
	)	<b>APPEAL BRIEF</b>
Application No.: 10/642894	)	
	)	Attorney Docket No.: 99-029-C1
Filed: August 18, 2003	)	
	)	
For: METHOD AND APPARATUS	)	
FOR IDENTIFYING	)	
POTENTIAL BUYERS	)	
	)	
	)	
	)	

**BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Commissioner for Patents  
P.O. Box 1450  
Alexandria, VA 22313-1450

Dear Sir:

Appellants initiate a new (third) appeal to the Board of Patent Appeals and Interferences following the Examiner's (second) re-opening of prosecution in the Non-Final Office Action mailed July 19, 2006.

## TABLE OF CONTENTS

THIRD APPEAL FOLLOWING SECOND RE-OPENING OF PROSECUTION.....	3
REQUEST FOR RESPONSE TO ARGUMENTS / REQUEST FOR EXAMINER'S ANSWER .....	4
REAL PARTY IN INTEREST .....	5
RELATED APPEALS AND INTERFERENCES .....	6
STATUS OF CLAIMS.....	7
STATUS OF AMENDMENTS .....	8
SUMMARY OF CLAIMED SUBJECT MATTER .....	9
1. Independent Claim 77 .....	10
2. Independent Claim 81 .....	10
3. Independent Claim 83 .....	11
4. Independent Claim 84 .....	11
5. Independent Claim 85 .....	12
6. Independent Claim 86 .....	13
7. Independent Claim 89 .....	13
8. Independent Claim 90 .....	14
GROUND OF REJECTION TO BE REVIEWED ON APPEAL.....	15
1. Section 102(b)—Ring.....	15
2. Section 103(a)—Abecassis + Ring .....	15
3. Section 103(a)—Ring.....	15
ARGUMENT .....	16
1. Summary of Arguments .....	16
2. Form of Appeal Brief .....	18
3. Section 102(b)—Ring.....	19
4. Section 103(a)—Abecassis + Ring .....	36
5. Section 103(a)—Ring.....	46
CONCLUSION .....	75
APPENDIX A—CLAIMS INVOLVED IN THE APPEAL .....	76
APPENDIX B—EVIDENCE <NONE>.....	84
APPENDIX C—RELATED PROCEEDINGS <NONE>.....	85

### **THIRD APPEAL FOLLOWING SECOND RE-OPENING OF PROSECUTION**

Appellants filed an Appeal Brief on October 21, 2005 and a second Appeal Brief on April 19, 2006.

In response to the second Appeal Brief, the Examiner again re-opened prosecution of this application. [Fourth Office Action, page 2].

The Examiner has implicitly withdrawn the previous Section 102(b) rejection of Claims 89 and 90 and explicitly introduced a new grounds of rejection: a new Section 103(a) rejection of Claims 89 and 90 based on the previously-cited Ring and Abecassis references. [Fourth Office Action, page 4]. Per MPEP § 1207.04, after re-opening of prosecution, an appellant must exercise one of the following options to avoid abandonment of the application:

- (A) file a reply under 37 CFR 1.111, if the Office action is non-final;
- (B) file a reply under 37 CFR 1.113, if the Office action is final; or
- (C) initiate a new appeal by filing a new notice of appeal under 37 CFR 41.31.

Appellants have chosen to initiate a new third appeal by filing a new notice of appeal and this third Appeal Brief.

## **REQUEST FOR RESPONSE TO ARGUMENTS / REQUEST FOR EXAMINER'S ANSWER**

Appellants respectfully note that despite re-opening prosecution twice, the Examiner has never responded to or even acknowledged some of Appellants' arguments. For example, although the Examiner's disagreement is easily inferred, the Examiner has never noted Appellants' arguments with respect to the Section 103(a) rejections of Claims 79, 80 and 83-88. Those arguments are repeated in this Third Appeal Brief. Appellants respectfully request that the Examiner assist the Board by improving the record to address these specific arguments in the Examiner's Answer.

Appellants respectfully note that the main references, Ring and Abecassis, have been consistently applied throughout recent prosecution. The Examiner's and Appellants' main arguments regarding the rejected claims are well established with respect to the respective interpretations of these two references. Appellants therefore respectfully request and encourage the Examiner to proceed with an Examiner's Answer to this Third Appeal Brief, even if the Answer would include any new grounds of rejection (which is permissible under Board Rule 39). The fundamental disagreements with respect to the pending claims and the cited references clearly are best suited to adjudication by the Board without further delay. In contrast, the current incremental approach with repeated re-opening of prosecution in light of the same references seems much less efficient.

## **REAL PARTY IN INTEREST**

The present application is assigned to Walker Digital, LLC, 2 High Ridge Park, Stamford, CT 06905.

## **RELATED APPEALS AND INTERFERENCES**

Appellants, Appellants' legal representative and Appellants' assignee know of no interferences or appeals that will directly affect, be directly affected by, or have a bearing on the Board's decision in the pending appeal.

## **STATUS OF CLAIMS**

Claims 77-90 are pending.

Claims 1-76 are canceled.

Claims 77-90 are rejected and are being appealed.

## **STATUS OF AMENDMENTS**

No amendments have been filed subsequent to the Non-Final Office Action mailed July 19, 2006.



## **SUMMARY OF CLAIMED SUBJECT MATTER**

Claims 77, 81, 83-86 and 89-90 are independent.

Concise explanations of the independent claims are provided below. As required by 37 C.F.R. § 41.37(c)(1)(v), reference is made to the Specification. Any such reference and / or accompanying explanation:

(i) is by way of example of the claimed subject matter only and is not a comprehensive description of the scope of the independent claim being discussed, nor a comprehensive listing of support in the specification for the independent claim being discussed;

(ii) might be potentially useful in clarifying the particular subject matter of the particular independent claim being discussed (and not other claims or “the invention” as a whole), unless explicitly stated otherwise; and

(iii) is not to be considered as broadening or narrowing or otherwise affecting the interpretation of any claim or part of a claim, unless explicitly stated otherwise.

Additionally, any explanation or reference to the specification which refers to more than one claim, or is utilized in the explanation of more than one claim, is not to be considered as broadening or narrowing or otherwise affecting the interpretation of any claim or part of a claim, and is not to be considered as indicating any equivalence of any claims or parts of a claim.

**1. Independent Claim 77**

Independent Claim 77 recites a method, including a step of receiving intent data from a potential buyer, wherein the intent data identifies an item the potential buyer intends to purchase within a particular time period. A reward is determined for the potential buyer based on the intent data, in which the reward comprises money for the potential buyer. A payment identifier of a financial account of the potential buyer is received. A reward is issued to the potential buyer. A penalty is applied to the financial account of the potential buyer if the potential buyer does not purchase the item within the particular time period. For some examples, see U.S. Application Publication No. 20040039639, paragraphs [0024-25], [0062-85], FIGs. 8-10 and accompanying text.

**2. Independent Claim 81**

Independent Claim 81 recites a method, including a step of receiving a description of an item a potential buyer intends to purchase within a particular time period, the description having a degree of specificity. A degree of certainty with which the potential buyer intends to purchase the item within the particular time period is received. A payment identifier of a financial account of the potential buyer is received. A reward offer associated with a reward based on at least one of the degree of specificity, the degree of certainty, and a length of the particular time period is determined. The reward offer is output to the potential buyer, in which the reward offer comprises an offer for money for the potential buyer. A confirmation signal indicating that the potential buyer purchased the item within the particular time period is received. It is determined whether the confirmation signal indicating that the potential buyer has purchased the item within the particular time period has been received. A penalty is applied to the financial

account of the potential buyer when the potential buyer has not purchased the item within the particular time period. For some examples, see U.S. Application Publication No. 20040039639, paragraphs [0024-25], [0062-85], FIGs. 8-10 and accompanying text.

### **3. Independent Claim 83**

Independent Claim 83 recites a method including a step of receiving a description of an item a potential buyer intends to purchase within a particular time period, the description having a degree of specificity. A degree of certainty with which the potential buyer intends to purchase the item within the particular time period is received. A payment identifier of a financial account of the potential buyer is received. A reward offer associated with a reward based on at least one of the degree of specificity, the degree of certainty, and a length of the particular time period is determined. The reward offer is output to the potential buyer, in which the reward offer comprises an offer for money for the potential buyer. A partial penalty is applied to the financial account of the potential buyer.

A confirmation signal indicating that the potential buyer purchased the item after the particular time period is received.

For some examples, see U.S. Application Publication No. 20040039639, paragraphs [0024-25], [0062-85], FIGs. 8-10 and accompanying text.

### **4. Independent Claim 84**

Independent Claim 84 recites a method including a step of receiving a description of an item a potential buyer intends to purchase within a particular time period, the description having a degree of specificity. A degree of certainty with which the potential buyer intends to purchase the item within the particular time period is received. A payment identifier of a financial account of the potential

buyer is received. A reward offer associated with a reward based on at least one of the degree of specificity, the degree of certainty, and a length of the particular time period is determined. The reward offer is output to the potential buyer, in which the reward offer comprises an offer for money for the potential buyer. A partial penalty is applied to the financial account of the potential buyer.

A confirmation signal indicating that the potential buyer purchased within the particular time period a similar item to the item the potential buyer intended to purchase is received.

For some examples, see U.S. Application Publication No. 20040039639, paragraphs [0024-25], [0062-85], FIGs. 8-10 and accompanying text.

## **5. Independent Claim 85**

Independent Claim 85 recites a method including a step of receiving a description of an item a potential buyer intends to purchase within a particular time period, the description having a degree of specificity. A degree of certainty with which the potential buyer intends to purchase the item within the particular time period is received. A payment identifier of a financial account of the potential buyer is received. A reward offer associated with a reward based on at least one of the degree of specificity, the degree of certainty, and a length of the particular time period is determined. The reward offer is output to the potential buyer, in which the reward offer comprises an offer for money for the potential buyer. A partial penalty is applied to the financial account of the potential buyer.

A confirmation signal indicating that the potential buyer purchased the item within the particular time period is received after the particular time period.

For some examples, see U.S. Application Publication No. 20040039639, paragraphs [0024-25], [0062-85], FIGs. 8-10 and accompanying text.

**6. Independent Claim 86**

Independent Claim 86 recites a method including a step of receiving intent data from a potential buyer intending to purchase an item within a particular time period. A financial account is associated with the potential buyer. A reward offer associated with a reward based on a value of the intent data is determined. Steps are performed for outputting the reward offer to the potential buyer, determining whether the potential buyer accepts the offer, and modifying the offer if the potential buyer rejects the offer, and these are repeated until the potential buyer accepts the offer. A reward is issued to the potential buyer. A confirmation signal indicating that the potential buyer has purchased the item corresponding to the intent data is received. It is determined whether the confirmation signal is valid. A penalty is applied to the financial account if the confirmation signal is invalid.

For some examples, see U.S. Application Publication No. 20040039639, paragraphs [0024-25], [0062-85], FIG. 3 (235), FIG. 8 (807, 809, 811), FIG. 9 (905) and accompanying text.

**7. Independent Claim 89**

Independent Claim 89 recites a central server system, comprising a processor, a storage device, and software. The software is operative to run on the processor to issue a reward to a potential buyer in exchange for demand information, the demand information including at least a description of an item the potential buyer intends to purchase within a particular time period. The software is operable to direct the processor to charge a penalty to a financial account of the potential buyer if a confirmation signal is not received within the particular time period.

For some examples, see U.S. Application Publication No. 20040039639, paragraphs [0011], [0024-25], [0027-0036], [0062-85], FIGs. 1, 2, 8, 9, 10 and accompanying text.

**8. Independent Claim 90**

Independent Claim 90 recites a central server system, comprising a processor, a storage device, and software. The software is operative to run on the processor to issue a reward to a potential buyer in exchange for demand information, the demand information including at least a description of an item the potential buyer intends to purchase within a particular time period. The software is operable to direct the processor to direct the processor to charge a penalty to a financial account of the potential buyer if the potential buyer does not purchase the item within the particular time period.

For some examples, see U.S. Application Publication No. 20040039639, paragraphs [0011], [0024-25], [0027-0036], [0062-85], FIGs. 1, 2, 8, 9, 10 and accompanying text.

## GROUNDS OF REJECTION TO BE REVIEWED ON APPEAL

### 1. Section 102(b)—Ring

Claims 77, 78, 81, and 82 stand rejected under 35 U.S.C. § 102(b) as being anticipated by:

only specific portions of Alfred A. Ring, Real Estate Principles and Practice, 7<sup>th</sup> Ed., (Prentice Hall, Englewood Cliffs, NJ) (1972), pp. 65-86, 317 ("Ring").

### 2. Section 103(a)—Abecassis + Ring

Claims 89 and 90 stand rejected under 35 U.S.C. § 103(a) as being obvious in light of findings allegedly supported by:

U.S. Patent No. 5,426,281 issued to Abecassis ("Abecassis"); and Ring.

### 3. Section 103(a)—Ring

Claims 79, 80, and 83-88 stand rejected under 35 U.S.C. § 103(a) as being obvious in view of:

Ring, and

asserted subject matter that is not supported by substantial evidence of record and that the Examiner believes (based on an erroneous understanding of relevant law) does not have to be supported by any evidence of record.

## ARGUMENT

### 1. Summary of Arguments

All of the rejections are inappropriate and Appellants respectfully request that the rejections be reversed.

#### 1.1. Section 102 Rejections: Claims 77, 78, 81, and 82

The Examiner has failed to establish that any of the cited evidence (Ring or Abecassis) teaches (explicitly or implicitly) all of the claimed subject matter of any claim. In particular, the Examiner's assertions with respect to the claimed subject matter of *reward* and *reward offer* are speculative and have no evidentiary basis. Further, the Examiner's interpretation of Ring logically prohibits a finding that Ring teaches the specific combination of subject matter recited in any claim. The Examiner has failed to establish by substantial evidence of record a prima facie case of anticipation for any claim, and the Section 102(b) rejections must be reversed.

#### 1.2. Section 103(a) Rejections: Claims 79, 80, and 83-90

The Examiner has not made any prima facie case of obviousness, and in any event no evidence is of record that could support a showing of obviousness for any of Claims 79, 80, and 83-90. Further, even if any of the evidence of record disclosed the teachings asserted by the Examiner, the evidence of record lacks any teaching, suggestion, or motivation to modify Ring or to make the proposed combinations of the alleged teachings of Ring and Abecassis in the manner suggested by the Examiner to produce any of the specific combinations of features for any claim. Also, even if the evidence of record supported the Examiner's



purported motivation to modify or combine the references in the manner suggested, the resulting combination would fail to teach or suggest all of the specific features of any claim. The Section 103(a) rejections must be reversed.

**Claims 89 and 90.** All of the rejections of Claims 89 and 90 fail at least because, as noted above, Ring does not teach or suggest the subject matter for which the Examiner relies on that reference. Abecassis does not make up for the deficiencies of Ring.

**Claims 79, 80, and 83-88.** The Section 103(a) rejections of Claims 79, 80, and 83-88, which rely only on Ring, fail because the Examiner admits that Ring cannot support all of the Examiner's assertions as to what was known in the prior art, the Examiner does not make the requisite showing that all claimed subject matter was known based on actual evidence of record, and the record cannot support the Examiner's assertions. Instead, contrary to law, the Examiner has inappropriately relied on mere assertions of what was "knowledge generally available," "obvious" or "common" that are unsupported by any evidence of record.

## 2. Form of Appeal Brief

In the arguments herein, limitations of the claims are indicated in *italics* and the references of record are indicated by underlining.

In separate arguments of patentability for separate claims (or groups of claims), Appellants have, where possible, referred to prior arguments to avoid undue repetition.

In the arguments below, Appellants refer to:

- Fourth Office Action: Non-Final Office Action mailed July 19, 2006
- Third Office Action: Non-Final Office Action mailed January 10, 2006
- Second Office Action: Final Office Action mailed December 16, 2004

### 3. Section 102(b)—Ring

Appealed Claims 77, 78, 81, and 82 stand rejected under 35 U.S.C. § 102(b) as being anticipated by Ring.

The Examiner's Section 102(b) rejections based on the above grounds are argued separately for different claims. The claims do not stand and fall together. Each of the claims is addressed below under a separate heading.

#### 3.1. Applicable Law

##### 3.1.1. Prima facie burden

The examiner bears the initial burden, on review of the prior art or on any other ground, of presenting a prima facie case of unpatentability. If examination at the initial stage does not produce a prima facie case of unpatentability, then without more the applicant is entitled to grant of the patent. In re Oetiker, 977 F.2d 1443, 1445, 24 U.S.P.Q.2D 1443, 1444 (Fed. Cir. 1992).

##### 3.1.2. Substantial evidence required for all factual findings

The Board is not permitted to accept conclusory, unsupported findings made by the Primary Examiner that are not supported by substantial evidence made of record.

All findings of fact by the U.S. Patent and Trademark Office must be supported by substantial evidence within the record. In re Gartside, 203 F.3d 1305, 1315, 53 U.S.P.Q.2D 1769, 1775 (Fed. Cir. 2000).

The Supreme Court has described "substantial evidence" in the following manner:

substantial evidence is more than a mere scintilla. It means such relevant evidence as a reasonable mind might accept as adequate to

support a conclusion. . . . Mere uncorroborated hearsay or rumor does not constitute substantial evidence.

Consolidated Edison Co. v. NLRB, 305 U.S. 197, 229, 83 L. Ed. 126, 59 S. Ct. 206 (1938); see also, Dickinson v. Zurko, 527 U.S. 150, 162, 50 U.S.P.Q.2D 1930, 1935, 144 L. Ed. 2d 143, 119 S. Ct. 1816 (1999) (“Zurko III”).

“[R]eview under this standard involves an examination of the record as a whole, taking into consideration evidence that both justifies and detracts from the agency’s decision.” Universal Camera Corp. v. NLRB, 340 U.S. 474, 487-88, 95 L. Ed. 456, 71 S. Ct. 456 (1951); Zurko III, 527 U.S. at 162.

### **3.1.3.      Anticipation**

Anticipation requires identity of the claimed process and a process of the prior art; the claimed process, including each step thereof, must have been described or embodied, either expressly or inherently, in a single reference. Minnesota Min. & Mfg. Co., v. Johnson & Johnson Orthopedics, Inc., 976 F.2d 1559, 24 U.S.P.Q.2D 1321 (Fed. Cir. 1992); Glaverbel S.A. v. Northlake Mkt’g & Supp., Inc., 45 F.3d 1550, 33 U.S.P.Q.2D 1496 (Fed. Cir. 1995). “A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” Verdegaal Bros. v. Union Oil Co. of California, 814 F.2d 628, 631, 2 U.S.P.Q.2D 1051 (Fed. Cir. 1987).

The elements of the claim must either be inherent or disclosed expressly in the reference. Constant v. Advanced Micro-Devices, Inc., 848 F.2d 1560, 7 U.S.P.Q.2D 1057 (Fed. Cir. 1988).

There must not be any differences between the claimed invention and the prior art disclosure, as viewed by a person of ordinary skill in the art, for anticipation to exist. Scripps Clinic & Res. Found. v. Genentech, Inc., 927 F.2d 1565, 18 U.S.P.Q.2D 1001 (Fed. Cir. 1991). Thus, the absence of any claim

element from the reference negates anticipation. Kloster Speedsteel AB v. Crucible Inc., 793 F.2d 1565, 230 U.S.P.Q. 160 (Fed. Cir. 1986).

Further, as explained in Motorola, Inc. v. Interdigital Tech. Corp.:

For a prior art reference to anticipate a claim, the reference must disclose each and every element of the claim with sufficient clarity to prove its existence in the prior art. See In re Spada, 911 F.2d 705, 708, 15 U.S.P.Q.2D (BNA) 1655, 1657 (Fed. Cir. 1990) (“The [prior art] reference must describe the applicant’s claimed invention sufficiently to have placed a person of ordinary skill in the field of the invention in possession of it.” (citations omitted)). Although this disclosure requirement presupposes the knowledge of one skilled in the art of the claimed invention, that presumed knowledge does not grant a license to read into the prior art reference teachings that are not there.

121 F.3d 1461, 1473, 43 U.S.P.Q.2D 1481, 1490 (Fed. Cir. 1997).

**3.1.4. Claim interpretation must be consistent with the specification**

During examination, claims are given their broadest reasonable interpretation that those skilled in the art would reach, consistent with the specification. In re Hyatt, 211 F.3d 1367, 1372, 54 U.S.P.Q.2D 1664, 1667 (Fed. Cir. 2000); In re Cortright, 165 F.3d 1353, 1359, 49 U.S.P.Q.2D 1464, 1468 (Fed. Cir. 1999). The “PTO applies to verbiage of the proposed claims the broadest reasonable meaning of the words in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in applicant’s specification.” In re Morris, 127 F.3d 1048, 1054-55, 44 U.S.P.Q.2D 1023, 1027 (Fed. Cir. 1997).

### 3.2. Claim 77

Claim 77 is independent.

Substantial evidence is required of all factual findings, as discussed above. Absent substantial evidence, no prima facie case of anticipation exists.

The rejection of Claim 77 is flawed because the Examiner has not made a prima facie case of anticipation:

- the Examiner has failed to establish by substantial evidence of record that the claimed subject matter of *determining a reward for the potential buyer based on intent data that identifies an item the potential buyer intends to purchase within a particular time period, in which the reward comprises money for the potential buyer*, was known at the time of invention
- the Examiner has failed to establish with substantial evidence that the claimed subject matter of *issuing the determined reward (specified above) to the potential buyer* was known at the time of invention
- the Examiner has otherwise failed to provide substantial evidence that the particular method of Claim 77 was known at the time of Appellants' invention.

#### 3.2.1. Examiner's Factual Findings

The Examiner asserts that Ring teaches:

receiving intent data from a potential buyer in the form of a proposed real estate contract of sale (pp. 71-73)

[Fourth Office Action, page 2];

determining the price of said real estate, which reads on a reward for the potential buyer based on the intent data, in which the reward/price comprises money for the potential buyer<sup>1</sup>

[Fourth Office Action, page 2]; and

There is a reward if the seller agrees to accept a price lower than the seller's listed price (p.317). The difference between listing and contract prices is a discount that reads explicitly on money for the potential buyer, said discount to be received at closing.

[Fourth Office Action, page 2 (n. 1)].

The Examiner also asserts that Ring teaches:

issuing the reward to the buyer by transferring title to the property for the contract price at closing; and applying a penalty to the financial account of the potential buyer, in the form of keeping the potential buyer's deposit on contract/ earnest money, if the buyer does not purchase the real estate item within a particular time period.

[Fourth Office Action, pages 2-3].

### **3.2.2. Examiner's Findings are Not Supported by Substantial Evidence of Record**

The Examiner's findings are not supported by the only evidence (Ring) relied upon by the Examiner in rejecting Claim 77. The Examiner has failed to demonstrate properly that all of the claimed subject matter of Claim 77 was known at the time of invention. Section 102(b) rejection of Claim 77 must be reversed.

The Examiner's rejection relies on an assertion that Ring teaches the particular method of Claim 77. In order to establish a prima facie case of anticipation, Ring must teach the particular combination of steps of Claim 77. However, the Examiner's own assessments of the prior art, that it was known (1) to issue a reward to a potential buyer and (2) to apply a penalty to the financial account of the potential buyer if the potential buyer does not purchase the item within the particular time period, are mutually exclusive. The Examiner asserts that Ring teaches issuing a reward "by transferring title to the property for the contract price at closing." The Examiner, however, also asserts that applying a penalty is taught in Ring by "the form of keeping the potential buyer's deposit on contract/ earnest money, if the buyer does not purchase the real estate item within a

particular time period” (emphasis added). According to the Examiner’s own assessment of the prior art, based on his interpretation of Ring, issuing a reward (transferring title upon closing) and applying a penalty (failure to transfer title) are mutually exclusive events. Thus, even if Ring did teach everything the Examiner asserts, Ring would not teach a method including both (1) issuing a reward and (2) applying a penalty, and therefore cannot be substantial evidence that the method of Claim 77 was known. The Examiner has failed to establish a prima facie case of anticipation of Claim 77 for at least this reason.

Also, there is no teaching or suggestion in Ring of *determining a reward for the potential buyer based on the intent data, in which the reward comprises money for the potential buyer*. Accordingly, there is also no hint of *issuing such a reward to the potential buyer*.

Appellants previously argued that Ring cannot support these findings with respect to these claimed features, and that the Examiner had not indicated evidentiary support for these assertions. In response, the Examiner has provided the above more detailed assertions of what was allegedly known in the prior art with respect to the claimed *reward*. The Examiner’s assertions are unsupported by evidence of record, strain credulity, and could not demonstrate that all of the claimed subject matter was known at the time of invention.

The hypothetical scenario of a difference between “the buyer’s proposed price and the seller’s (higher) asking/listed price” being a reward has been conveniently manufactured by the Examiner—it cannot be supported by Ring. Ring does not hint that a lower accepted price is a “discount” or a “reward” for the seller.

Nothing in the record suggests that such a “difference” would have ever been conceived of as a “reward” by one of ordinary skill in the art. According to the Examiner, any time a buyer of real estate takes ownership of the real estate for



a price that is lower than an initial price, the buyer is getting a “reward.” The Examiner offers no basis for this convenient assumption about how one of ordinary skill in the art would have understood a “difference” or “discount.” The Examiner does not even assert that Ring teaches such a “difference” is a “reward.” Ring does not hint that “getting the property at a price lower than that asked initially by the seller” would have ever been understood by one of ordinary skill in the art as a “reward.” According to the Examiner, the “reward” occurs when the buyer receives a “discount” at closing by paying less. Claim 77 requires a step of issuing a reward; if the Examiner believes that the seller of real estate issues a “reward,” the Examiner has not provided any hint of reasoning as to why a seller (who allegedly already had a higher asking price) would want to “reward” a buyer of a house with a lower price. Ring does not suggest any reason. The cited page 317 of Ring describes how the initial listing price of property should be “set at a price at which a sale can be made” and notes that a seller could potentially drop an asking price “to meet a fair purchaser’s offer.” These statements do nothing to support the Examiner’s assertion that an initial asking price that is higher than a later agreed-upon price somehow teaches a reward or reward offer. Nothing in Ring suggests that any participant in such a transaction views the difference between listing and purchase price as a “reward.” According to the Examiner’s logic and erroneous interpretation of Ring, a potential purchaser would achieve the greatest “reward” by not purchasing a listed property at all, thereby saving himself the entire listing price. The Examiner has failed to establish a prima facie case of anticipation of Claim 77 for at least these reasons...

### **3.2.3. Conclusion**

To the extent that the Examiner is relying solely upon Ring as teaching that the particular combination of claimed subject matter of Claim 77 was known to one of ordinary skill in the art, the Section 102(b) rejection cannot stand. The Examiner has failed otherwise to indicate substantial evidence in support of the Examiner's assertions as to what was known. Accordingly, the Examiner has failed to establish a prima facie case of anticipation for Claim 77. Appellants request reversal of the Section 102(b) rejection of Claim 77.

### 3.3. Claim 78

Claim 78 depends from independent Claim 77, discussed above. All of the arguments provided with respect to Claim 77 are equally applicable to Claim 78 and are incorporated by reference in this section.

Claim 78 provides for the additional limitation of *calculating the penalty, wherein the calculation takes into account a value of the reward*. The Examiner has not established, by substantial evidence of record, that the additional claimed subject matter was known to one of ordinary skill in the art at the time of invention.

#### 3.3.1. Examiner's Factual Findings

The Examiner (presumably) relies on the same findings (allegedly shown by Ring) discussed above with respect to Claim 77. [Fourth Office Action, pages 2-3].

In addition, the Examiner states:

(At p.76, Ring teaches that the earnest money deposit or penalty is proportional to the contract price. From this, with elementary algebra, the attached appendix shows that the deposit/penalty is a mathematical function of the reward, which reads on "takes into account a value of the reward".)

[Fourth Office Action, page 3 (cited appendix at page 6)].

#### 3.3.2. Examiner's Findings are Not Supported by Substantial Evidence of Record

The record cannot support the Examiner's rejection of Claim 78 as anticipated by Ring.

The Examiner now argues that the additional claimed limitation of *calculating the penalty, wherein the calculation takes into account a value of the reward* is taught by Ring because "Ring teaches that the earnest money deposit or

penalty is proportional to the contract price.” Ring does not even hint that a penalty may be calculated taking into account a value of a reward. According to the Examiner’s own interpretation (which Appellants dispute), “reward” is allegedly taught by the Examiner’s baseless scenario of a “difference” between asking and proposed prices, and a penalty is taught by the forfeiture of “earnest money.” Even if this were true (which Appellants dispute), that would not teach or suggest calculating the penalty in the specific manner claimed.

The Examiner’s explanation at pages 3 and 6 of the Fourth Office Action does not in fact explain how calculating the “earnest money” would take into account the value of a reward, or how such a calculation would have been obvious. First, the Examiner’s “proof” requires the unsupported assumption of the “definition” at (2): a reward is equal to a difference. This critical assumption is not taught or suggested by Ring, and is not obvious, as discussed above with respect to Claim 77. Accordingly, there is no evidence of record that one of ordinary skill in the art would have taken the potential “difference” relied upon by the examiner into account in calculating the “earnest money” discussed in Ring.

Second, the “difference” is irrelevant to the calculation of the earnest money, and the Examiner’s reliance on the steps of the “proof” is inappropriate and illogical. As the Examiner admits at (1) of the “proof,” the only factors that would have been considered in actually calculating “earnest money” are the contract price and the desired percentage rate. The “proof” unnecessarily and inappropriately complicates the equation of (1) to somehow take into account how the contract price was arrived at relative to an earlier price. To argue that a prior price or a related “difference” is taken into account is illogical. For example, the calculated earnest money for three different transactions could be identical according to equation (1) based on a common “proportionality constant” and an identical contract price (e.g., \$100,000). Yet the initial asking prices (e.g., \$98,000,

\$500,000 and \$125,000), and the respective “differences” (e.g., -\$2,000, \$400,000 and \$25,000), could have varied greatly. Clearly then, contrary to the Examiner’s assertion, the alleged “difference” is irrelevant to the “earnest money” calculation—only the contract price and the Examiner’s “proportionality constant” are taken into account. Nothing in Rice or in the Examiner’s proof suggests that a value of a reward would be taken into account in actually calculating a penalty. The Examiner has failed to establish a prima facie case of anticipation of Claim 78 for at least this reason.

### **3.3.3. Conclusion**

To the extent that the Examiner is relying solely upon Ring as teaching that the particular combination of claimed subject matter of Claim 78 was known to one of ordinary skill in the art, the Section 102(b) rejection cannot stand. The Examiner has failed otherwise to indicate substantial evidence in support of the Examiner’s assertions as to what was known, and those assertions, even if true, could not support an anticipation rejection. Accordingly, the Examiner has failed to establish a prima facie case of anticipation for Claim 78. Appellants request reversal of the Section 102(b) rejection of Claim 78.

### 3.4. Claim 81

Claim 81 is independent.

Substantial evidence is required of all factual findings, as discussed above. Absent substantial evidence, no prima facie case of anticipation exists.

The rejection of Claim 81 is flawed because the Examiner has not made a prima facie case of anticipation:

- the Examiner has failed to establish by substantial evidence of record that the claimed subject matter of *determining a reward offer associated with a reward based on at least one of the degree of specificity, the degree of certainty, and a length of the particular time period*, was known at the time of invention
- the Examiner has failed to establish with substantial evidence that the claimed subject matter of *outputting the reward offer to the potential buyer, in which the reward offer comprises an offer for money for the potential buyer*, was known at the time of invention
- the Examiner has otherwise failed to provide substantial evidence that the method of Claim 81 was known at the time of Appellants' invention.

#### 3.4.1. Examiner's Factual Findings

The Examiner asserts that Ring teaches:

receiving intent data from a potential buyer in the form of a proposed real estate contract of sale (pp. 71-73)

[Fourth Office Action, page 2];

determining the price of said real estate, which reads on a reward for the potential buyer based on the intent data, in which the reward/price comprises money for the potential buyer<sup>1</sup>

[Fourth Office Action, page 2]; and

There is a reward if the seller agrees to accept a price lower than the seller's listed price (p.317). The difference between listing and contract prices is a discount that reads explicitly on money for the potential buyer, said discount to be received at closing.

[Fourth Office Action, page 2 (n. 1)].

The Examiner also asserts that Ring teaches:

issuing the reward to the buyer by transferring title to the property for the contract price at closing; and applying a penalty to the financial account of the potential buyer, in the form of keeping the potential buyer's deposit on contract/ earnest money, if the buyer does not purchase the real estate item within a particular time period.

[Fourth Office Action, pages 2-3]; and

For claim 81, Ring also teaches (p. 317) dropping the asking price to increase the *possibility of making a deal*, which reads on a reward offer based on a degree of certainty.

[Fourth Office Action, page 3 (emphasis in original)].

#### **3.4.2.        Examiner's Findings are Not Supported by Substantial Evidence of Record**

The record cannot support the Examiner's rejection of Claim 81 as anticipated by Ring.

As discussed above with respect to Claim 77, the Examiner asserts that the step of applying a penalty was known, and relies upon Ring as evidence of this finding. As explained above with respect to Claim 77, Ring (according to the Examiner's own assessment of its teachings) cannot teach a method including both applying a penalty and issuing a reward. The Examiner has failed to establish a prima facie case of anticipation of Claim 81 for at least this reason.

Further, as discussed above with respect to Claim 77, the Examiner makes the unsupported assertion that Ring teaches a "reward." Ring is devoid of any hint that any "difference" would have been understood as a "reward." The Examiner

has failed to establish a prima facie case of anticipation of Claim 81 for at least this reason.

In addition, Ring does not teach or suggest a *reward offer associated with a reward based on at least one of the degree of specificity, the degree of certainty, and a length of the particular time period*. According to the Examiner, the “contract of sale” teaches a “reward offer.” Ring cannot support any such interpretation. Ring does not mention any type of reward, much less an offer of a reward to a potential buyer. The “contract of sale” is clearly defined in Ring:

The contract seeks to describe fully the premises referred to, and to set forth the price and terms together with the obligations of the respective parties. Its purpose is to provide time to verify ownership, title conditions, and accuracy of statements and conditions affecting the transfer of the property, and to permit, in advance of title closing, preparation of essentials making the closing merely a mechanical process carrying out the agreement of the parties.

[Ring, page 66];

The entire purpose of a real estate contract is to bind the buyer and seller to do something at a future time.

\* \* \*

The promise of one party to the contract must be supported by an undertaking of the other. Each must obligate himself. Each must put some consideration into the agreement.

[Ring, page 67]. Nothing in Ring’s description of a contract hints at an offer of a reward, much less a reward that is a “discount” or “difference” between two prices, as asserted by the Examiner. In Ring, the only offer discussed is for sale of real estate.

The Examiner asserts that Ring “reads on a reward offer based on a degree of certainty.” [Fourth Office Action, page 3]. Appellants do not agree. As Ring does not hint that any aspect of a sale of real estate suggests a *reward offer*, it cannot suggest a *determining a reward offer...based on a degree of certainty*,



contrary to the Examiner's assertion. Nothing in Ring's discussion at page 317 of how a seller might lower a listing price remotely suggests *a reward based on ...the degree of certainty*.

To the extent the Examiner is relying on Ring's description of a real estate contract of sale as evidence that the claimed subject matter of *determining a reward offer associated with a reward based on at least one of the degree of specificity, the degree of certainty, and a length of the particular time period* (or *outputting such a reward offer*), was known, the Examiner's Section 102(b) must fail for lack of substantial evidence.

### **3.4.3. Conclusion**

To the extent that the Examiner is relying solely upon Ring as teaching that the particular method of Claim 81 was known to one of ordinary skill in the art, the Section 102(b) rejection cannot stand. The Examiner has failed otherwise to indicate substantial evidence in support of the Examiner's assertions as to what was known. Accordingly, the Examiner has failed to establish a prima facie case of anticipation for Claim 81. Appellants request reversal of the Section 102(b) rejection of Claim 81.

### 3.5. Claim 82

Claim 82 depends from independent Claim 81, discussed above. All of the arguments provided with respect to Claim 81 are equally applicable to Claim 82 and are incorporated by reference in this section.

Claim 82 provides for the additional limitation of *calculating the penalty, wherein the calculation takes into account a price of a reward associated with the reward offer*. The Examiner has not established, by substantial evidence of record, that the additional claimed subject matter was known to one of ordinary skill in the art.

#### 3.5.1. Examiner's Factual Findings

The Examiner expressly relies only on the same findings discussed above with respect to Claim 78. [Fourth Office Action, pages 2-3, 6].

#### 3.5.2. Examiner's Findings are Not Supported by Substantial Evidence of Record

The record cannot support the Examiner's rejection of Claim 82 as anticipated by Ring.

As explained above with respect to Claim 78, the Examiner has not established any basis for the assertion that Ring suggests the additional claimed limitation of *calculating the penalty, wherein the calculation takes into account a price of a reward associated with the reward offer*. Contrary to the Examiner's illogical and inappropriate mathematical proof, Ring does not even hint that a penalty may be calculated taking into account a value of a reward. Even if the Examiner's interpretation is correct (which Appellants dispute), that would not teach or suggest calculating the penalty in the specific manner claimed. The Examiner has failed to establish a prima facie case of anticipation of Claim 82 for at least this reason.

### **3.5.3. Conclusion**

To the extent that the Examiner is relying solely upon Ring as teaching that the particular combination of claimed subject matter of Claim 82 was known to one of ordinary skill in the art, the Section 102(b) rejection cannot stand. The Examiner has failed otherwise to indicate substantial evidence in support of the Examiner's assertions as to what was known, and those assertions, even if true, could not support an anticipation rejection. Accordingly, the Examiner has failed to establish a prima facie case of anticipation for Claim 82. Appellants request reversal of the Section 102(b) rejection of Claim 82.

#### 4. Section 103(a)—Abecassis + Ring

Appealed Claims 89 and 90 stand rejected under 35 U.S.C. § 103(a) as being obvious in light of Abecassis and Ring.

Claims 89 and 90 are independent.

Substantial evidence is required of all factual findings, as discussed above. Absent substantial evidence, no prima facie case of anticipation exists.

The rejection of Claims 89 and 90 is flawed because the Examiner has not made a prima facie case of obviousness:

- the Examiner has failed to establish by substantial evidence of record that the claimed subject matter of *software operative to run on the processor to issue a reward to a potential buyer in exchange for demand information, the demand information including at least a description of an item the potential buyer intends to purchase within a particular time period*, was known at the time of invention
- the Examiner has otherwise failed to provide substantial evidence that the particular claimed subject matter of Claims 89 and 90 would have been obvious at the time of Appellants' invention

#### 4.1. Applicable Law

##### 4.1.1. Prima facie burden

The examiner bears the initial burden, on review of the prior art or on any other ground, of presenting a prima facie case of unpatentability. If examination at the initial stage does not produce a prima facie case of unpatentability, then without more the applicant is entitled to grant of the patent. In re Oetiker, 977 F.2d 1443, 1445, 24 U.S.P.Q.2D 1443, 1444 (Fed. Cir. 1992).

**4.1.2. Claim interpretation must be consistent with the specification**

During examination, claims are given their broadest reasonable interpretation that those skilled in the art would reach, consistent with the specification. In re Hyatt, 211 F.3d 1367, 1372, 54 U.S.P.Q.2D 1664, 1667 (Fed. Cir. 2000); In re Cortright, 165 F.3d 1353, 1359, 49 U.S.P.Q.2D 1464, 1468 (Fed. Cir. 1999). The “PTO applies to verbiage of the proposed claims the broadest reasonable meaning of the words in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in applicant’s specification.” In re Morris, 127 F.3d 1048, 1054-55, 44 U.S.P.Q.2D 1023, 1027 (Fed. Cir. 1997).

**4.1.3. Substantial evidence required for all factual findings**

The Board is not permitted to accept conclusory, unsupported findings made by the Primary Examiner that are not supported by substantial evidence made of record.

All findings of fact by the U.S. Patent and Trademark Office must be supported by substantial evidence within the record. In re Gartside, 203 F.3d 1305, 1315, 53 U.S.P.Q.2D 1769, 1775 (Fed. Cir. 2000).

The Supreme Court has described “substantial evidence” in the following manner:

substantial evidence is more than a mere scintilla. It means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. . . . Mere uncorroborated hearsay or rumor does not constitute substantial evidence.

Consolidated Edison Co. v. NLRB, 305 U.S. 197, 229, 83 L. Ed. 126, 59 S. Ct. 206 (1938); see also, Dickinson v. Zurko, 527 U.S. 150, 162, 50 U.S.P.Q.2D 1930, 1935, 144 L. Ed. 2d 143, 119 S. Ct. 1816 (1999) (“Zurko III”).

“[R]eview under this standard involves an examination of the record as a whole, taking into consideration evidence that both justifies and detracts from the agency’s decision.” Universal Camera Corp. v. NLRB, 340 U.S. 474, 487-88, 95 L. Ed. 456, 71 S. Ct. 456 (1951); Zurko III, 527 U.S. at 162.

#### **4.1.4. Obviousness**

The examiner bears the initial burden of establishing a prima facie case of obviousness based upon the prior art. In re Fritch, 972 F.2d 1260, 1265, 23 U.S.P.Q.2D 1780, 1783 (Fed. Cir. 1992); Oetiker, 977 F.2d at 1445. In the absence of a proper prima facie case of obviousness, an applicant who complies with the other statutory requirements is entitled to a patent. Oetiker, 977 F.2d at 1445.

To reject claims in an application under section 103, an examiner must show an un rebutted prima facie case of obviousness. In re Rouffet, 149 F.3d 1350, 1355, 47 U.S.P.Q.2D 1453, 1455 (Fed. Cir. 1998). The prima facie case is a procedural tool, and requires that the examiner initially produce evidence sufficient to support a ruling of obviousness; thereafter the burden shifts to the applicant to come forward with evidence or argument in rebuttal. In re Kumar, 418 F.3d 1361, 1366, 76 U.S.P.Q.2D 1048, 1050 (Fed. Cir. 2005). The patent applicant may attack the Examiner’s prima facie determination as improperly made out, or the applicant may present objective evidence tending to support a conclusion of nonobviousness. Fritch, 972 F.2d at 1265. When rebuttal evidence is provided, the prima facie case dissolves, and the decision is made on the entirety of the evidence. Kumar, 418 F.3d at 1366; Oetiker, 977 F.2d at 1445.

In Graham v. John Deere Co., 383 U.S. 1, 148 U.S.P.Q. 459 (1966), the Supreme Court established the test for consideration and determination of obviousness under 35 U.S.C. § 103. In Iron Grip Barbell Co. v. USA Sports Inc.,

the Federal Circuit explained how obviousness must be determined using the four-part Graham test:

we employ the four-part test set forth in *Graham v. John Deere Co.*, 383 U.S. 1 (1966). This test requires us to examine

- (1) the scope and content of the prior art;
- (2) the level of ordinary skill in the art;
- (3) the differences between the claimed invention and the prior art; and
- (4) the objective evidence of nonobviousness. *Id.* at 17-18; see also 35 U.S.C. § 103 (2000).

392 F.3d 1317, 1320, 73 U.S.P.Q.2D (BNA) 1225 (Fed Cir. 2004); see also, Rouffet, 149 F.3d at 1355. U.S. Patent and Trademark Office policy is also to follow Graham. Accordingly, examiners should apply the test for patentability under 35 U.S.C. § 103 as set forth in Graham. M.P.E.P. § 2141 “35 U.S.C. 103; the Graham Factual Inquiries”, p. 2100-120, 8<sup>th</sup> ed., Rev. 2 (May 2004). Accordingly, during examination an examiner must conduct the four factual inquiries enunciated in Graham in determining obviousness of any claim.

The underlying factual determinations on which a conclusion of obviousness is allegedly based are reviewed to ascertain whether they are supported by substantial evidence. In re Kumar, 418 F.3d at 1365 (citing Gartside, 203 F.3d at 1316). Unsupported assessments of the prior art are unacceptable for purposes of review. “Rather, the Board must point to some concrete evidence in the record in support of these findings. To hold otherwise would render the process of appellate review for substantial evidence on the record a meaningless exercise.” In re Zurko, 258 F.3d at 1385-86. “[D]eficiencies of the cited references cannot be remedied by the Board’s general conclusions about what is ‘basic knowledge’ or ‘common sense,’” nor may the Board simply reach conclusions based on its own understanding or experience. In re Zurko, 258 F.3d at 1385; Lee, 277 F.3d at

1344. “[T]he Board must not only assure that the requisite findings are made, based on evidence of record, but must also explain the reasoning by which the findings are deemed to support the agency’s conclusion.” Lee, 277 F.3d at 1344.

A determination of the level of ordinary skill in the art is an integral part of the Graham analysis. Ruiz v. A.B. Chance Co., 234 F.3d 654, 666, 57 U.S.P.Q.2D 1161, 1168 (Fed. Cir. 2000) (citing Custom Accessories Inc. v. Jeffrey-Allan Indus., Inc., 807 F.2d 955, 962, 1 U.S.P.Q.2D 1196, 1201 (Fed. Cir. 1986)). Ascertaining a level of ordinary skill in the art is necessary. M.P.E.P. § 2141.03.

In making the assessment of differences between the prior art and the claimed subject matter, Section 103 specifically requires consideration of the claimed invention “as a whole.” Princeton Biochemicals, Inc. v. Beckman Coulter, Inc., 411 F.3d 1332, 1337 75, U.S.P.Q.2D 1051, 1054 (Fed. Cir. 2005); Ruiz v. A.B. Chance Co., 357 F.3d 1270, 1275, 69 U.S.P.Q.2D 1686, 1690 (Fed. Cir. 2004). Inventions typically are new combinations of existing principles or features. Envtl. Designs, Ltd. v. Union Oil Co., 713 F.2d 693, 698, 218 U.S.P.Q. 865, 870 (Fed. Cir. 1983) (noting that “virtually all [inventions] are combinations of old elements”). The “as a whole” instruction in title 35 prevents evaluation of the invention part by part and requires a showing that an artisan of ordinary skill in the art at the time of invention, confronted by the same problems as the inventor and with no knowledge of the claimed invention, would have selected the various elements from the prior art and combined them in the claimed manner. Ruiz, 357 F.3d at 1275.

Whether a rejection is based on a purported combination of relevant teachings of separate references, or on a purported modification of the prior art, an examiner can satisfy the prima facie burden only by showing some objective teaching (either in the prior art or the knowledge generally available to one of ordinary skill) would lead to the purported combination or modification. Fritch,



972 F.2d at 1265-66; Rouffet, 149 F.3d at 1355-56. Also, where the examiner fails to explain the specific understanding or principle within the knowledge of a skilled artisan that would motivate one with no knowledge of the claimed invention to make an alleged combination of references, the court may infer that the examiner selected the references with the assistance of hindsight, which is forbidden. Lacking a motivation to combine, there is no prima facie case of obviousness. Rouffet, 149 F.3d at 1358. There must be some reason, suggestion, or motivation found in the prior art whereby a person of ordinary skill in the field of the invention would make the combination. That knowledge cannot come from the applicant's invention itself. Oetiker, 977 F.2d at 1447.

“Recognition of an unsolved problem does not render the solution obvious.” Cardiac Pacemakers, Inc. v. St. Jude Medical, Inc., 381 F.3d 1371, 1377, 72 U.S.P.Q.2D 1333, 1337 (Fed. Cir. 2004) (“Recognition of a need does not render obvious the achievement that meets that need. There is an important distinction between the general motivation to cure an uncured disease (for example, the disease of multiple forms of heart irregularity), and the motivation to create a particular cure.”).

A “teaching or suggestion or motivation [to combine]” is an “essential evidentiary component of an obviousness holding.” C.R. Bard, Inc. v. M3 Sys., Inc., 157 F.3d 1340, 1352, 48 U.S.P.Q.2D 1225, 1232 (Fed. Cir. 1998). Evidence of a suggestion, teaching, or motivation to combine may flow from the prior art references themselves, the knowledge of one of ordinary skill in the art, or, in some cases, from the nature of the problem to be solved. In re Dembiczak, 175 F.3d 994, 999, 50 U.S.P.Q.2D 1614, 1617 (Fed. Cir. 1999); see also, e.g., Nat'l Steel Car, Ltd. v. Canadian Pac. Ry., Ltd., 357 F.3d 1319, 1337-39, 69 U.S.P.Q.2D 1641, 1655-56 (Fed. Cir. 2004) (finding that whether or not a drawing and disclosure had been disseminated to a sufficiently broad public so as to give either

the status of a prior art reference, they (and corresponding witness testimony) were evidence relevant to whether a motivation to combine was implicit in the knowledge of one of ordinary skill in the relevant art).

“The range of sources available, however, does not diminish the requirement for actual evidence” showing the teaching or motivation to combine—“particular findings regarding the locus of the suggestion, teaching, or motivation to combine the prior art references” must be made. Dembiczak, 175 F.3d at 999-1000 (“Combining prior art references without evidence of such a suggestion, teaching, or motivation simply takes the inventor’s disclosure as a blueprint for piecing together the prior art to defeat patentability--the essence of hindsight.”). See also, In re Kotzab, 217 F.3d 1365, 1371, 55 U.S.P.Q.2D 1313, 1317 (Fed. Cir. 2000) (“Whether the Board relies on an express or an implicit showing [of a teaching, motivation, or suggestion to combine or modify], it must provide particular findings related thereto.”)

Any findings of prior knowledge in the field of the invention (including purported motivations to combine) must be supported by tangible teachings of materials made of record. Cardiac Pacemakers, 381 F.3d at 1376 (“Prior knowledge in the field of the invention must be supported by tangible teachings of reference materials “); Gambro Lundia AB v. Baxter Healthcare Corp., 110 F.3d 1573, 1578-79, 42 U.S.P.Q.2D 1378, 1383 (Fed. Cir. 1997) (“However, the record must provide a teaching, suggestion, or reason to substitute computer-controlled valves for the system of hoses in the prior art. The absence of such a suggestion to combine is dispositive in an obviousness determination.”).

#### **4.2. Examiner’s Factual Findings**

The Examiner now asserts:

Abecassis teaches a central server system (*Transaction Protection System*, col. 3 lines 5-6, col. 4 lines 59-61 and Fig. 1A), comprising . . . and software operative to run on the processor to provide an escrow service: receiving a deposit from a potential a [sic] buyer of goods for future delivery, and release said deposit in accordance with the terms of an agreement (col. 3 lines 3-14). Abecassis does not teach issuing a reward to a potential buyer in exchange for demand information and charging a penalty to the financial account of the buyer. Ring teaches issuing a reward to a potential buyer in exchange for demand information and charging a penalty to the financial account of the buyer, when the agreement is a real estate contract of sale (para. 5 above).

[Fourth Office Action, page 4].

#### **4.3. Examiner's Findings are Not Supported by Substantial Evidence of Record**

The record cannot support the Examiner's rejection of Claims 89 and 90 as being obvious in light of Abecassis and Ring.

The Examiner finds that it was known to *issue a reward to a potential buyer in exchange for demand information, the demand information including at least a description of an item the potential buyer intends to purchase within a particular time period*, based on the alleged teachings of Ring. The Examiner concedes that Abecassis does not teach or suggest such a feature.

Ring cannot support the Examiner's findings. As discussed above with respect to Claim 77, there is no teaching or suggestion in Ring of *a reward in exchange for demand information*. Accordingly, there is also no hint of *issuing such a reward to the potential buyer*. Specifically, the Examiner's assertions are unsupported by evidence of record, strain credulity, and could not demonstrate that all of the claimed subject matter was known at the time of invention. The hypothetical scenario of a difference between "the buyer's proposed price and the

seller's (higher) asking/listed price" being a reward has been conveniently manufactured by the Examiner—it cannot be supported by Ring. Ring does not hint that a lower accepted price is a “discount” or a “reward” for the seller.

Nothing in the record suggests that such a “difference” would have ever been conceived of as a “reward” by one of ordinary skill in the art. According to the Examiner, any time a buyer of real estate takes ownership of the real estate for a price that is lower than an initial price, the buyer is getting a “reward.” The Examiner offers no basis for this convenient assumption about how one of ordinary skill in the art would have understood a “difference” or “discount.” The Examiner does not even assert that Ring teaches such a “difference” is a “reward.” Ring does not hint that “getting the property at a price lower than that asked initially by the seller” would have ever been understood by one of ordinary skill in the art as a “reward.” According to the Examiner, the “reward” occurs when the buyer receives a “discount” at closing by paying less. Claims 89 and 90 require software operative to *issue a reward*; if the Examiner believes that the seller of real estate issues a “reward,” the Examiner has not provided any hint of reasoning as to why a seller (who allegedly already had a higher asking price) would want to “reward” a buyer of a house with a lower price. Ring does not suggest any reason. The cited page 317 of Ring describes how the initial listing price of property should be “set at a price at which a sale can be made” and notes that a seller could potentially drop an asking price “to meet a fair purchaser’s offer.” These statements do nothing to support the Examiner’s assertion that an initial asking price that is higher than a later agreed-upon price somehow teaches a reward or reward offer. Nothing in Ring suggests that any participant in such a transaction views the difference between listing and purchase price as a “reward.” According to the Examiner’s logic and erroneous interpretation of Ring, a potential purchaser would achieve the greatest “reward” by not purchasing a listed property at all, thereby

saving himself the entire listing price. The Examiner has failed to establish a prima facie case of obviousness of Claims 89 and 90 for at least these reasons.

#### **4.4. Conclusion**

To the extent that the Examiner is relying solely upon Abecassis and Ring as teaching that the particular combinations of claimed subject matter of Claims 89 and 90 were known to one of ordinary skill in the art, the Section 102(b) rejection cannot stand. The Examiner has failed otherwise to indicate substantial evidence in support of the Examiner's assertions as to what was known. Accordingly, the Examiner has failed to establish a prima facie case of anticipation for Claims 89 and 90. Appellants request reversal of the Section 102(b) rejection of Claims 89 and 90.

## 5. Section 103(a)—Ring

Appealed Claims 79, 80, and 83-88 stand rejected under 35 U.S.C. § 103(a) as being obvious over Ring and asserted subject matter that is not supported by any evidentiary basis made of record.

The Examiner's Section 103(a) rejections based on the above grounds are argued separately for each of the claims rejected under Section 103(a). The claims in different groups do not stand and fall together. Each of the claims is addressed below under a separate heading.

### 5.1. Introduction

This section summarizes an argument that Appellants submit against all of the Section 103(a) rejections (Claims 79, 80, and 83-88) over Ring. This argument is further detailed in the respective sections for each claim.

The Examiner admits that Ring does not teach all of the subject matter of any of Claims 79, 80, and 83-88, yet for those claims the only cited evidence of what was allegedly known in the prior art is Ring. Specifically, the Examiner explicitly admits that Ring is not evidence that the following subject matter was known:

- Claims 86-88: "Ring does not teach (claims 86-88) recursive negotiation of the contract terms (step (g) in claim 86)."
- Claims 79 and 80: "Ring et al. does not teach (claims 79 and 80) a partial penalty for purchase of a similar item."
- Claims 83-85: "Ring et al. does not teach (claims 83-85) a partial penalty for purchase after the particular time period."

In attempting to overcome these admitted deficiencies of Ring, the Examiner makes various convenient assertions as to what one of ordinary skill in the art

would have known, but inappropriately does so without offering any evidence in support. The Examiner appears to believe that if the Examiner is unable or unwilling to find evidence of asserted prior art knowledge, the Examiner can simply assert that a finding is based on “knowledge generally available to one of ordinary skill in the art.” [Second Office Action, page 6]. The Examiner ignores the requirement that all findings of fact must be supported by actual evidence of record, including the findings of what the Examiner alleges was “knowledge generally available.”

Without any actual evidence in the record that the subject matter admittedly missing from Ring was known, it may be inferred from the record that the Examiner has arbitrarily rejected the claims as obvious and seeks to justify that rejection, impermissibly, with unsupported assessments of the prior art.

Despite having brought these failings to the Examiner’s attention numerous times (in at least one Response and in the first Appeal Brief), none of the Section 103(a) rejections is supported by substantial evidence that all of the subject matter was known, and none is supported by substantial evidence of a motivation to provide for all of the subject matter of any of the claims. Accordingly, the Examiner has failed to establish a prima facie case of obviousness for any of Claims 79, 80, and 83-88.

## 5.2. Claims 86 and 87

Claim 86 is independent. Claim 87 depends from independent Claim 86. All of the arguments discussed with respect to Claim 86 are equally applicable to Claim 87.

Substantial evidence is required of all factual findings, as discussed above. Absent substantial evidence, no prima facie case of obviousness exists.

The rejection of Claims 86 and 87 is flawed because the Examiner has not made a prima facie case of obviousness:

- the Examiner admits that the only cited evidence (Ring) is not evidence that any of the following claimed features were known at the time of invention: *(e) determining whether the potential buyer accepts the offer, (f) modifying the offer if the potential buyer rejects the offer, and (g) repeating steps (d) [outputting the reward offer] through (f) until the potential buyer accepts the offer*
- the Examiner has also failed to establish with substantial evidence that the claimed subject matter of *determining a reward offer associated with a reward based on a value of the intent data or outputting the reward offer to the potential buyer*, was known at the time of invention
- the Examiner has also failed to establish with substantial evidence that the claimed subject matter of *issuing the reward based on the value of the intent data to the potential buyer* was known at the time of invention
- the Examiner does not provide any evidence of a motivation known to one of ordinary skill in the art to provide for any of the above claimed features



- the Examiner has otherwise failed to provide substantial evidence of record establishing that it would have been obvious to provide specifically for the methods of Claims 86 and 87

### **5.2.1. Examiner's Factual Findings**

With respect to Claims 86 and 87, the Examiner expressly rejects the claims only over the evidence in Ring, yet admits that Ring cannot support the rejection:

Ring does not teach (Claims 86-88) recursive negotiation of the contract terms (step (g) in claim 86). The contract of sale (pp. 71-73) has many blanks requiring specification. Because it is the most efficient means to have two parties come to agreement on these many unspecified details, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to add recursive negotiation of the contract terms (step (g) in claim 86) to the teachings of Ring et al.

[Third Office Action, page 3 (emphasis in original)].

The Examiner also has asserted (but is not expressly relied upon (nor withdrawn) in the rejection in the Third Office Action):

Applicant argues (p. 9) that the rejection of claims 86-88 under 35 U.S.C. 103(a) is inappropriate because the examiner has failed to provide a reference for the alleged efficiency. "The rationale to modify or combine the prior art does not have to be expressly stated in the prior art; the rationale may be ... reasoned from knowledge generally available to one of ordinary skill in the art" (MPEP 2144).

What the examiner offers as obvious to anyone of ordinary skill in the art of contract negotiation is that it is obvious to use a recursive process: one side proposes something, the other side makes a counterproposal, and so forth, until all the details are resolved. This is so common and obvious that one would be hard pressed to offer an alternative. If applicant believes this process is not obvious, applicant should suggest such an alternative.

[Second Office Action, page 6].

**5.2.2. Examiner's Findings are Not Supported by Substantial Evidence of Record**

The record cannot support the Examiner's rejection of Claims 86 and 87 as obvious.

The Examiner admits that not all of the claimed subject matter is taught by Ring.

The Examiner does not indicate any actual evidence of record in support of the allegedly known "efficient means to have two parties come to agreement on these many unspecified details" or "recursive negotiation of the contract terms," or a motivation to provide for such a "recursive process."

Appellants submit that the record does not support any assertion that (e) *determining whether the potential buyer accepts the offer, (f) modifying the offer if the potential buyer rejects the offer, and (g) repeating steps (d) [outputting the reward offer] through (f) until the potential buyer accepts the offer* was known, or that a motivation to provide for such subject matter was known. The Examiner has not asserted otherwise.

The Examiner might believe that this subject matter was within the "knowledge generally available to one of ordinary skill in the art" or "obvious to anyone of ordinary skill in the art of contract negotiation" or "so common and obvious that one would be hard pressed to offer an alternative," but the Examiner has been unwilling or unable to produce any evidence of such prior art knowledge.

All the Examiner has provided are unsupported assessments of the prior art, which are unacceptable for purposes of review. In re Zurko, 258 F.3d at 1385-86. The Examiner cannot simply assert that the knowledge was generally available in the prior art, "common," or "obvious." Any findings of prior knowledge in the field of the invention must be supported by tangible teachings of materials made of record. Cardiac Pacemakers, 381 F.3d at 1376. Even where a motivation to

combine is allegedly based, not on a prior art reference, but on the “knowledge generally available,” actual evidence of that knowledge must be of record. Dembiczak, 175 F.3d at 999-1000; see, e.g., Nat’l Steel Car, Ltd. v. Canadian Pac. Ry., Ltd., 357 F.3d 1319 at 1337-39 (discussing evidentiary documents and witness testimony as evidence of knowledge generally available). The Board is not permitted to accept conclusory, unsupported findings made by the Examiner that are not supported by substantial evidence made of record; the Board must assure that the requisite findings are made based on evidence of record. Lee, 277 F.3d at 1344. The Examiner has not established a prima facie case of obviousness for at least this failure to support assessments of the prior art with substantial evidence of record.

The Examiner has also not even attempted to define (based on any evidence) the level of ordinary skill in the alleged “art of contract negotiation,” as is required under Graham. The Examiner has failed to establish a prima facie case of obviousness for at least this reason. Also, the failure to actually define the level of ordinary skill necessarily casts further doubt on the accuracy of the Examiner’s (as-yet-unsupported) assertions as to what would have been within the “knowledge generally available” to one of ordinary skill.

Appellants note that there was and is no burden on Appellants to traverse the assertions of “recursive negotiation” that no actual evidence of record could support, that the Examiner does not even allege are supported by the record, and which the Examiner has been unwilling or unable to support with any evidence. Appellants need not provide evidence in rebuttal where, as here, no prima facie case of obviousness has been made. Kumar, 418 F.3d at 1366; Fritch, 972 F.2d at 1265.

Further, as discussed above with respect to Claim 77, the Examiner asserts that the step of applying a penalty was known, and relies upon Ring as evidence of

this finding. As explained above with respect to Claim 77, Ring (according to the Examiner's own interpretation) cannot teach a method including both *applying a penalty* and *issuing a reward*. The Examiner has failed to establish a prima facie case of obviousness for at least this reason.

Further, as discussed above with respect to Claim 77, the Examiner makes the unsupported assertion that Ring teaches a "reward" and finds, without pointing to any particular evidence of record, that one of ordinary skill would have recognized the "difference" between an asking price and an accepted price as a "reward." As discussed above, Ring does not hint or suggest that any such "difference" would have been understood as a "reward." The Examiner has failed to establish a prima facie case of obviousness for at least this reason.

Further, as discussed above with respect to Claim 81, Ring does not teach or suggest a *reward offer*. According to the Examiner, the "contract of sale" teaches a "reward offer." Ring cannot support any such interpretation. Ring does not mention any type of reward, much less an offer of a reward to a potential buyer. The Examiner has failed to establish a prima facie case of obviousness for at least this reason.

#### **5.2.3. No Substantial Evidence of a Proper Motivation to Modify any Teaching of Ring**

As discussed above, the Examiner has failed to indicate properly any actual evidence in support of the Examiner's assertions with respect to the allegedly known "recursive negotiation" or that to provide for such would have been "so common and obvious" and the "most efficient means."

In response to the Appellants' request to indicate properly the actual evidence on which the asserted motivation is based, the Examiner admits that the alleged motivation is based only on the Examiner's subjective belief of what was known: "What the examiner offers as obvious to anyone of ordinary skill in the art

of contract negotiation is that it is obvious to use a recursive process....” [Second Office Action, page 6 (emphasis added)]. The Examiner thus admits to expressing only a subjective belief of the Examiner as of the time the Second (and presumably Third) Office Action was authored. Without evidence that what the Examiner asserts would have been known to one of ordinary skill at the time of invention, the rejection of Claims 86 and 87 must be reversed.

Further, even if the Examiner had offered any evidence in support of the assertions of what was known, the asserted motivation (“most efficient means” or “so common and obvious”) does not specifically suggest that it would have been obvious to allow for negotiation with respect to a *reward offer*, which, as discussed above, has also not been established by substantial evidence as having been known in the prior art. The Examiner simply has not even asserted any motivation to modify or combine any teachings of Ring to provide for the specific methods of Claims 86 and 87, much less a motivation supported by substantial evidence of record.

The Examiner’s unsupported motivation clearly fails to establish a prima facie case of obviousness. The Examiner articulates no reasoning why to employ the “most efficient means” would specifically suggest the desirability of outputting a sequence of modified reward offers. “Recognition of a need does not render obvious the achievement that meets that need.” Cardiac Pacemakers, 381 F.3d at 1377 (stating there “is an important distinction between the general motivation to cure an uncured disease (for example, the disease of multiple forms of heart irregularity), and the motivation to create a particular cure.”).

The Examiner has not made the requisite showing, based on actual evidence, that one of ordinary skill in the art would have been prompted to modify the teachings of Ring in the manner suggested by the Examiner to provide specifically

for all of the claimed subject matter of Claims 86 and 87. The Examiner has failed to establish a prima facie case of obviousness for at least this reason.

**5.2.4. Conclusion**

To the extent that the Examiner is relying solely upon Ring and unsupported beliefs that all of the claimed subject matter of Claims 86 and 87 was known and obvious to combine, the Section 103(a) rejection cannot stand. The Examiner has failed otherwise to indicate substantial evidence in support of the Examiner's assertions as to what was known (including the asserted motivation), and those assertions, even if true, could not support an obviousness rejection. Accordingly, the Examiner has failed to establish a prima facie case of obviousness for Claims 86 and 87. Appellants request reversal of the Section 103(a) rejection of Claims 86 and 87.

### 5.3. Claim 88

Claim 88 depends from independent Claim 86, discussed above. All of the arguments provided with respect to Claim 86 are equally applicable to Claim 88 and are incorporated by reference in this section.

Claim 88 provides for the additional limitation of *wherein the penalty is calculated based on a value of the reward*. The Examiner has not established by substantial evidence of record that the additional claimed subject matter was known to one of ordinary skill in the art, or that a motivation, suggestion, or teaching to provide for such subject matter was known.

#### 5.3.1. Examiner's Factual Findings

The Examiner expressly relies only on the same findings (only Ring is cited in support) discussed above with respect to Claim 86. [Third Office Action, page 3].

#### 5.3.2. Examiner's Findings are Not Supported by Substantial Evidence of Record

The record cannot support the Examiner's rejection of Claim 88 as obvious in light of Ring.

As discussed above with respect to Claim 78, the Examiner has ignored the additional claimed limitation of *wherein the penalty is calculated based on a value of the reward*. Ring does not show that this claimed subject matter was known, or even hint that a penalty may be calculated taking into account a value of a reward. Ring does not even hint at such a relationship. The Examiner has failed to establish a prima facie case of anticipation of Claim 88 for at least this reason.

### **5.3.3. Conclusion**

To the extent that the Examiner is relying solely upon Ring and unsupported beliefs that all of the claimed subject matter of Claim 88 was known and obvious to combine, the Section 103(a) rejection cannot stand. The Examiner has failed otherwise to indicate substantial evidence in support of the Examiner's assertions as to what was known (including the asserted motivation), and those assertions, even if true, could not support an obviousness rejection. Accordingly, the Examiner has failed to establish a prima facie case of obviousness for Claim 88. Appellants request reversal of the Section 103(a) rejection of Claim 88.



#### 5.4. Claims 79 and 80

Claims 79 and 80 depend from independent Claim 77. All of the arguments provided above with respect to Claim 77 are equally applicable to Claims 79 and 80.

Substantial evidence is required of all factual findings, as discussed above. Absent substantial evidence, no prima facie case of obviousness exists.

The rejection of Claims 79 and 80 is flawed because the Examiner has not made a prima facie case of obviousness:

- the Examiner admits that the only cited evidence (Ring) is not evidence that the claimed feature of *applying a partial penalty to the financial account* was known before the time of invention
- the Examiner does not provide any evidence that the claimed feature of *receiving a confirmation that the potential buyer has purchased within the particular time period a similar item to the item the potential buyer intended to purchase* was known before the time of invention
- the Examiner does not provide any evidence of a motivation known to one of ordinary skill in the art to provide for either of the above claimed features
- the Examiner has otherwise failed to provide substantial evidence of record establishing that it would have been obvious at the time of invention to provide for Claims 79 and 80

##### 5.4.1. Examiner's Factual Findings

With respect to Claims 79 and 80, the Examiner expressly rejects the claims only over the evidence in Ring, yet admits that Ring cannot support the rejection:

Ring et al. does not teach (claims 79 and 80) a partial penalty for purchase of a similar item. Such a situation occurs when the contract of sale was signed with a builder offering multiple properties, and the

buyer wanted to change the property to be purchased. Because it would help the builder retain a satisfied customer, it would have been obvious to one of ordinary skill in the art, at the time of the invention, [sic—to?] add a partial penalty for purchase of a similar item to the teachings of Ring et al.

[Third Office Action, page 3 (emphasis in original)].

**5.4.2. Examiner's Findings are Not Supported by Substantial Evidence of Record**

The record cannot support the Examiner's rejection of Claims 79 and 80 as obvious.

The Examiner admits that not all of the claimed subject matter is taught by Ring.

Appellants submit that the record does not otherwise support any assertion that *applying a partial penalty* was known.

Appellants submit that the record does not otherwise support any assertion that *receiving a confirmation that the potential buyer has purchased within the particular time period a similar item to the item the potential buyer intended to purchase* was known.

The Examiner does not indicate any actual evidence of record in support of the allegedly known scenario of a "builder offering multiple properties."

The Examiner does not indicate any actual evidence of record that it was known to "add a partial penalty for purchase" or for a buyer to want to "change the property to be purchased."

The Examiner does not indicate any actual evidence of record in support of the allegedly known motivation of a builder to "retain a satisfied customer" that would somehow suggest adding a partial penalty for a purchase.

The Examiner does not indicate any actual evidence of record that it was known to receive a confirmation that a potential buyer has purchased a similar item

to the item the potential buyer intended to purchase (or that it was purchased within the particular time period).

The references of record do not support the Examiner's assertions as to what was known. The Examiner has not asserted otherwise. Accordingly, the Examiner's assertions that are not supported by the references of record lack substantial evidence, and therefore cannot be used as prior art to the present application. Only the content of the references of record that are prior art to the present application may be so used.

The Examiner has not even attempted to define the level of ordinary skill in the art, as is required under Graham. The Examiner has failed to establish a prima facie case of obviousness for at least this reason.

The Examiner might believe that the subject matter (including the asserted motivation) were within the general knowledge of one having ordinary skill in the art, but has not produced any evidence of that knowledge (or, as discussed above, of the level of skill). The Examiner has failed to establish a prima facie case of obviousness for at least this reason.

With respect to the additional limitations of Claims 79 and 80, all the Examiner has provided are unsupported assessments of the prior art. Unsupported assessments of the prior art are unacceptable for purposes of review. In re Zurko, 258 F.3d at 1385-86. The Board must assure that the requisite findings are made based on evidence of record. Lee, 277 F.3d at 1344. The Examiner cannot simply assert that the knowledge was generally available in the prior art. Any findings of prior knowledge in the field of the invention (including any assertions as to what was "general knowledge") must be supported by tangible teachings of materials made of record. Cardiac Pacemakers, 381 F.3d at 1376. The Board is not permitted to accept conclusory, unsupported findings made by the Primary Examiner that are not supported by substantial evidence made of record. For at

least these reasons, the Examiner has failed to establish a prima facie case of obviousness for Claims 79 and 80.

**5.4.3. No Substantial Evidence of a Proper Motivation to Modify any Teaching of Ring**

As discussed above, the Examiner has failed to indicate properly any actual evidence in support of the Examiner's assertions with respect to the allegedly known: (1) scenario of a "builder offering multiple properties," (2) "add a partial penalty for purchase," (3) for a buyer to want to "change the property to be purchased," or (4) a motivation of a builder to "retain a satisfied customer."

Further, even if the Examiner had offered any evidence in support of the assertions of what was known, the asserted motivation ("retain a satisfied customer") does not specifically suggest the additional claimed subject matter of Claims 79 and 80. The Examiner simply has not even asserted any motivation to modify or combine any teachings of Ring to provide for the specific recited features of Claims 79 and 80, much less a motivation supported by substantial evidence of record.

The only motivation indicated by the Examiner for modifying Ring is:

Because it would help the builder retain a satisfied customer, it would have been obvious to one of ordinary skill in the art, at the time of the invention, [sic—to?] add a partial penalty for purchase of a similar item to the teachings of Ring et al.

[Third Office Action, page 3 (emphasis in original)].

The Examiner's unsupported motivation clearly fails to establish a prima facie case of obviousness. The Examiner articulates no reasoning why to "retain a satisfied customer" would specifically suggest the desirability of applying a partial penalty to a customer or to receive information indicating that a potential customer has purchased a similar item. For example, even if the prior art did teach one of ordinary skill in the art that it is generally desirable to retain a satisfied customer

(which the Examiner has not proven) that alone would not suggest that all mechanisms and methods for retaining customers would have been obvious. Yet, that is exactly what the Examiner asserts: that it would have been obvious to specifically provide for the steps of *receiving a confirmation that the potential buyer has purchased within the particular time period a similar item to the item the potential buyer intended to purchase* and *applying a partial penalty*.

“Recognition of a need does not render obvious the achievement that meets that need.” Cardiac Pacemakers, 381 F.3d at 1377.

The Examiner has not made the requisite showing, based on actual evidence, that one of ordinary skill in the art would have been prompted to modify the teachings of Ring in the manner suggested by the Examiner to provide specifically for methods of Claims 79 and 80. The Examiner has failed to establish a prima facie case of obviousness for at least this reason.

#### **5.4.4. Conclusion**

To the extent that the Examiner is relying solely upon Ring and unsupported beliefs that all of the claimed subject matter of Claims 79 and 80 was known and obvious to combine, the Section 103(a) rejection cannot stand. The Examiner has failed otherwise to indicate substantial evidence in support of the Examiner’s assertions as to what was known (including the asserted motivation), and those assertions, even if true, could not support an obviousness rejection. Accordingly, the Examiner has failed to establish a prima facie case of obviousness for Claims 79 and 80. Appellants request reversal of the Section 103(a) rejection of Claims 79 and 80.

### 5.5. Claim 83

Claim 83 is independent.

Substantial evidence is required of all factual findings, as discussed above. Absent substantial evidence, no prima facie case of obviousness exists.

The rejection of Claim 83 is flawed because the Examiner has not made a prima facie case of obviousness:

- the Examiner admits that the only cited evidence (Ring) is not evidence that the claimed feature of *applying a partial penalty to the financial account* was known before the time of invention
- the Examiner has failed to establish by substantial evidence of record that the claimed subject matter of *determining a reward offer associated with a reward based on at least one of the degree of specificity, the degree of certainty, and a length of the particular time period*, was known at the time of invention
- the Examiner has failed to establish with substantial evidence that the claimed subject matter of *outputting the reward offer to the potential buyer, in which the reward offer comprises an offer for money for the potential buyer*, was known at the time of invention
- the Examiner does not provide any actual evidence of a motivation known to one of ordinary skill in the art to provide for any of the above claimed features
- the Examiner has otherwise failed to provide substantial evidence of record establishing that it would have been obvious to provide for the method of Claim 83

**5.5.1. Examiner's Factual Findings**

With respect to Claims 83-85, the Examiner expressly rejects the claims only over the evidence in Ring, yet admits that Ring cannot support the rejection:

Ring et al. does not teach (claims 83-85) a partial penalty for purchase after the particular time period. Since the contract of sale is a negotiated instrument, the seller may readily agree to proceed with a late sale for some additional consideration that would read on a partial penalty. Because it would enable both buyer and seller to conclude the agreement satisfactorily, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to add a partial penalty for purchase after the particular time period to the teachings of Ring et al.

[Third Office Action, page 3 (emphasis in original)].

**5.5.2. Examiner's Findings are Not Supported by Substantial Evidence of Record**

The record cannot support the Examiner's rejection of Claim 83 as obvious.

The Examiner admits that not all of the claimed subject matter is taught by Ring.

The Examiner does not indicate any actual evidence of record in support of the allegedly known "the seller may readily agree to proceed with a late sale for some additional consideration that would read on a partial penalty," "add a partial penalty," or the asserted motivation to provide for such measures (i.e., "it would enable both buyer and seller to conclude the agreement satisfactorily").

As discussed above with respect to Claims 79 and 80, the record does not otherwise support any assertion that *applying a partial penalty* was known. The Examiner has failed to establish a prima facie case of obviousness for at least this reason.

The Examiner might believe that this subject matter was within the "knowledge generally available to one of ordinary skill in the art" but has been unwilling or unable to produce any evidence of such prior art knowledge.

Unsupported assessments of the prior art are unacceptable for purposes of review. In re Zurko, 258 F.3d at 1385-86. Actual evidence of prior knowledge must be of record. Dembiczak, 175 F.3d at 999-1000.

The Examiner's convenient yet unsubstantiated assumption that "the seller may readily agree to proceed with a late sale for some additional consideration" is not supported by any evidence of record, and therefore cannot be used as prior art to the present application. The Board is not permitted to accept conclusory, unsupported findings made by the Examiner that are not supported by substantial evidence made of record; the Board must assure that the requisite findings are made based on evidence of record. Lee, 277 F.3d at 1344.

The Examiner has also not even attempted to define (based on any evidence) a level of ordinary skill in any art, as is required under Graham. The Examiner has failed to establish a prima facie case of obviousness for at least this reason. Also, the failure to actually define the level of ordinary skill necessarily casts further doubt on the accuracy of the Examiner's (as-yet-unsupported) assertions as to what would have been obvious to one of ordinary skill.

For at least these failures to establish any evidence in support of the Examiner's assertions with respect to applying a partial penalty (including the assertions as to the alleged motivation of "it would enable both buyer and seller to conclude the agreement satisfactorily"), the Examiner has failed to establish a prima facie case of obviousness for Claim 83.

Further, as discussed above with respect to Claim 77, the Examiner has not made the requisite showing by substantial evidence that that one of ordinary skill would have recognized the "difference" between an asking price and an accepted price as a "reward." The Examiner has failed to establish a prima facie case of obviousness for at least this reason.



Further, as discussed above with respect to Claim 81, the Examiner has not made the requisite showing by substantial evidence that that *reward offer* or *outputting the reward offer* were known. The Examiner has failed to establish a prima facie case of obviousness for at least this reason.

**5.5.3. No Substantial Evidence of a Proper Motivation to Modify any Teaching of Ring**

As discussed above, the Examiner has failed to indicate properly any actual evidence in support of the Examiner's assertions with respect to the allegedly known "the seller may readily agree to proceed with a late sale for some additional consideration" or a purportedly known motivation to "enable both buyer and seller to conclude the agreement satisfactorily."

Further, even if the Examiner had offered any evidence in support of the assertions of what was known, the asserted motivation does not specifically suggest the application of a partial penalty. The Examiner simply has not even asserted any motivation to modify or combine any teachings of Ring to provide for the specific recited features Claim 83, much less a motivation supported by substantial evidence of record.

The Examiner's unsupported motivation clearly fails to establish a prima facie case of obviousness. The Examiner articulates no reasoning why to "enable both buyer and seller to conclude the agreement satisfactorily" would specifically suggest the desirability of *applying a partial penalty*. For example, even if the prior art did teach one of ordinary skill in the art that it is generally desirable to conclude agreements satisfactorily (which the Examiner has not proven) that alone would not suggest that all mechanisms and methods for retaining customers would have been obvious. "Recognition of a need does not render obvious the achievement that meets that need." Cardiac Pacemakers, 381 F.3d at 1377.

Thus, the Examiner has not made the requisite showing, based on actual evidence, that one of ordinary skill in the art would have been prompted to modify the teachings of Ring in the manner suggested by the Examiner to provide specifically for the method of Claim 83. The Examiner has failed to establish a prima facie case of obviousness for at least this reason.

#### **5.5.4. Conclusion**

To the extent that the Examiner is relying solely upon Ring and unsupported beliefs that it would have been obvious to provide for the specific combination of claimed subject matter of Claim 83, the Section 103(a) rejection cannot stand. The Examiner has failed otherwise to indicate substantial evidence in support of the Examiner's assertions as to what was known (including the asserted motivation), and those assertions, even if true, could not support an obviousness rejection. Accordingly, the Examiner has failed to establish a prima facie case of obviousness for Claim 83. Appellants request reversal of the Section 103(a) rejection of Claim 83.

### 5.6. Claim 84

Claim 84 is independent.

Substantial evidence is required of all factual findings, as discussed above. Absent substantial evidence, no prima facie case of obviousness exists.

The rejection of Claim 84 is flawed because the Examiner has not made a prima facie case of obviousness:

- the Examiner admits that the only cited evidence (Ring) is not evidence that the claimed feature of *applying a partial penalty to the financial account* was known before the time of invention
- the Examiner has failed to establish with substantial evidence that the claimed subject matter of *receiving a confirmation signal indicating that the potential buyer purchased within the particular time period a similar item to the item the potential buyer intended to purchase*, was known at the time of invention
- the Examiner has failed to establish by substantial evidence of record that the claimed subject matter of *determining a reward offer associated with a reward based on at least one of the degree of specificity, the degree of certainty, and a length of the particular time period*, was known at the time of invention
- the Examiner has failed to establish with substantial evidence that the claimed subject matter of *outputting the reward offer to the potential buyer, in which the reward offer comprises an offer for money for the potential buyer*, was known at the time of invention
- the Examiner does not provide any evidence of a motivation known to one of ordinary skill in the art to provide for any of the above claimed features

- the Examiner has otherwise failed to provide substantial evidence of record establishing that it would have been obvious to provide for the method of Claim 84

**5.6.1. Examiner's Factual Findings**

The Examiner's factual findings with respect to Claim 84 are discussed above with respect to Claim 83.

**5.6.2. Examiner's Findings are Not Supported by Substantial Evidence of Record**

For all of the reasons discussed above with respect to Claim 83, the record cannot support the Examiner's rejection of Claim 84 as obvious. The Examiner has failed to establish a prima facie case of obviousness for at least these reasons.

Further, as discussed above with respect to Claims 79 and 80, the Examiner has not made the requisite showing by substantial evidence that the claimed subject matter of *receiving a confirmation signal indicating that the potential buyer purchased within the particular time period a similar item to the item the potential buyer intended to purchase*, was known at the time of invention. The Examiner has failed to establish a prima facie case of obviousness for at least this reason.

In fact, the Examiner appears not have read Claim 84 carefully and indicates he believes that Claim 84 describes an embodiment with "a partial penalty for purchase after the particular time period." [Third Office Action, page 3 (emphasis in original)]. In fact, Claim 84 explicitly recites that *the potential buyer purchased a similar item within the particular time period.*

There is no evidence of record showing that it was known to apply a partial penalty in combination with a signal indicating that a similar item was purchased within a particular time period. The Examiner has failed to establish a prima facie case of obviousness for at least this reason.

**5.6.3. No Substantial Evidence of a Proper Motivation to Modify any Teaching of Ring**

As discussed above with respect to Claim 83, the Examiner has failed to indicate properly any actual evidence in support of the Examiner's assertions with respect to the allegedly known "the seller may readily agree to proceed with a late sale for some additional consideration" or a purportedly known motivation to "enable both buyer and seller to conclude the agreement satisfactorily."

Further, as discussed above with respect to Claim 83, even if the Examiner had offered any evidence in support of the assertions of what was known, the asserted motivation does not specifically suggest *applying a partial penalty*.

Similarly, the asserted motivation does not suggest the specific subject matter of *receiving a confirmation signal indicating that the potential buyer purchased within the particular time period a similar item to the item the potential buyer intended to purchase*. The Examiner simply has not even asserted any motivation to modify or combine any teachings of Ring to provide for the specific recited features Claim 84, much less a motivation supported by substantial evidence of record.

The Examiner's unsupported motivation clearly fails to establish a prima facie case of obviousness. The Examiner articulates no reasoning why to "enable both buyer and seller to conclude the agreement satisfactorily" would specifically suggest the desirability of *receiving a confirmation signal indicating that the potential buyer purchased within the particular time period a similar item to the item the potential buyer intended to purchase*. For example, even if the prior art did teach one of ordinary skill in the art that it is generally desirable to conclude agreements satisfactorily (which the Examiner has not proven) that alone would not suggest that all mechanisms and methods for retaining customers would have

been obvious. "Recognition of a need does not render obvious the achievement that meets that need." Cardiac Pacemakers, 381 F.3d at 1377.

Thus, the Examiner has not made the requisite showing, based on actual evidence, that one of ordinary skill in the art would have been prompted to modify the teachings of Ring in the manner suggested by the Examiner to provide specifically for all of the claimed subject matter of Claim 84. The Examiner has failed to establish a prima facie case of obviousness for at least this reason.

#### **5.6.4. Conclusion**

To the extent that the Examiner is relying solely upon Ring and unsupported beliefs that it would have been obvious to provide for the specific combination of claimed subject matter of Claim 84, the Section 103(a) rejection cannot stand. The Examiner has failed otherwise to indicate substantial evidence in support of the Examiner's assertions as to what was known (including the asserted motivation), and those assertions, even if true, could not support an obviousness rejection. Accordingly, the Examiner has failed to establish a prima facie case of obviousness for Claim 84. Appellants request reversal of the Section 103(a) rejection of Claim 84.

### 5.7. Claim 85

Claim 85 is independent.

Substantial evidence is required of all factual findings, as discussed above. Absent substantial evidence, no prima facie case of obviousness exists.

The rejection of Claim 85 is flawed because the Examiner has not made a prima facie case of obviousness:

- the Examiner admits that the only cited evidence (Ring) is not evidence that the claimed feature of *applying a partial penalty to the financial account* was known before the time of invention
- the Examiner has failed to establish with substantial evidence that the claimed subject matter of *receiving a confirmation signal after the particular time period indicating that the potential buyer purchased the item within the particular time period*, was known at the time of invention
- the Examiner has failed to establish by substantial evidence of record that the claimed subject matter of *determining a reward offer associated with a reward based on at least one of the degree of specificity, the degree of certainty, and a length of the particular time period*, was known at the time of invention
- the Examiner has failed to establish with substantial evidence that the claimed subject matter of *outputting the reward offer to the potential buyer, in which the reward offer comprises an offer for money for the potential buyer*, was known at the time of invention
- the Examiner does not provide any evidence of a motivation known to one of ordinary skill in the art to provide for any of the above claimed features

- the Examiner has otherwise failed to provide substantial evidence of record establishing that it would have been obvious to provide for the specifically claimed combination of features of Claim 85

**5.7.1. Examiner's Factual Findings**

The Examiner's factual findings with respect to Claim 85 are discussed above with respect to Claim 83.

**5.7.2. Examiner's Findings are Not Supported by Substantial Evidence of Record**

For all of the reasons discussed above with respect to Claim 83, the record cannot support the Examiner's rejection of Claim 85 as obvious. The Examiner has failed to establish a prima facie case of obviousness for at least these reasons.

Further, the Examiner has not made the requisite showing by substantial evidence that the claimed subject matter of *receiving a confirmation signal after the particular time period indicating that the potential buyer purchased the item within the particular time period* was known at the time of invention.

In fact, the Examiner appears not have read Claim 85 carefully and indicates he believes that Claim 85 describes an embodiment with "a partial penalty for purchase after the particular time period." [Third Office Action, page 3 (emphasis in original)]. In fact, Claim 85 explicitly recites that *the potential buyer purchased the item within the particular time period*—the confirmation signal is received after the particular time period.

There is no evidence of record showing that it was known to apply a partial penalty in combination with a signal indicating that the item was purchased within a particular time period. The Examiner does not assert otherwise. The Examiner has failed to establish a prima facie case of obviousness for at least this reason.



**5.7.3. No Substantial Evidence of a Proper Motivation to Modify any Teaching of Ring**

As discussed above with respect to Claim 83, the Examiner has failed to indicate properly any actual evidence in support of the Examiner's assertions with respect to the allegedly known "the seller may readily agree to proceed with a late sale for some additional consideration" or a purportedly known motivation to "enable both buyer and seller to conclude the agreement satisfactorily."

Further, as discussed above with respect to Claim 83, even if the Examiner had offered any evidence in support of the assertions of what was known, the asserted motivation does not specifically suggest *applying a partial penalty*.

Similarly, the asserted motivation does not suggest the specific subject matter of *receiving a confirmation signal after the particular time period indicating that the potential buyer purchased the item within the particular time period*, much less also *applying a partial penalty*. The Examiner, as discussed above, misread Claim 85. The Examiner simply has not even asserted any motivation to modify or combine any teachings of Ring to provide for the specific recited features Claim 85, much less a motivation supported by substantial evidence of record.

The Examiner's unsupported motivation clearly fails to establish a prima facie case of obviousness. The Examiner articulates no reasoning why to "enable both buyer and seller to conclude the agreement satisfactorily" would specifically suggest the desirability of *receiving a confirmation signal after the particular time period indicating that the potential buyer purchased the item within the particular time period*. For example, even if the prior art did teach one of ordinary skill in the art that it is generally desirable to conclude agreements satisfactorily (which the Examiner has not proven) that alone would not suggest that all mechanisms and methods for retaining customers would have been obvious. "Recognition of a need

does not render obvious the achievement that meets that need.” Cardiac Pacemakers, 381 F.3d at 1377.

Thus, the Examiner has not made the requisite showing, based on actual evidence, that one of ordinary skill in the art would have been prompted to modify the teachings of Ring in the manner suggested by the Examiner to provide specifically for all of the claimed subject matter of Claim 85. The Examiner has failed to establish a prima facie case of obviousness for at least this reason.

#### **5.7.4. Conclusion**

To the extent that the Examiner is relying solely upon Ring and unsupported beliefs that it would have been obvious to provide for the specific combination of claimed subject matter of Claim 85, the Section 103(a) rejection cannot stand. The Examiner has failed otherwise to indicate substantial evidence in support of the Examiner’s assertions as to what was known (including the asserted motivation), and those assertions, even if true, could not support an obviousness rejection. Accordingly, the Examiner has failed to establish a prima facie case of obviousness for Claim 85. Appellants request reversal of the Section 103(a) rejection of Claim 85.

## CONCLUSION

Thus, the Examiner's rejection of the pending claims is improper at least because the Examiner has not provided a proper legal basis for rejecting any claim. Therefore, Appellants respectfully request that the Examiner's rejections be reversed.

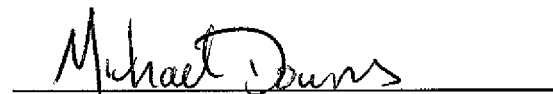
If any issues remain, or if there are any further suggestions for expediting allowance of the present application, please contact Michael Downs using the information provided below.

Appellants hereby request any extension of time that may be required to make this Appeal Brief timely. Please charge any fees that may be required for this paper, or credit any overpayment, to Deposit Account No. 50-0271.

Respectfully submitted,

July 24, 2006

Date

A handwritten signature in cursive script that reads "Michael Downs". The signature is written in dark ink and is positioned above a horizontal line.

Michael Downs  
Attorney for Appellants  
Registration No. 50, 252  
Walker Digital, LLC  
mdowns@walkerdigital.com  
(203) 461-7292 /voice  
(203) 461-7300 /fax

## **APPENDIX A—CLAIMS INVOLVED IN THE APPEAL**

Claims 77-90 are being appealed.

Appealed Claims 77, 81, 83-86 and 89-90 are independent.

77. A method for identifying potential buyers, comprising the steps of:  
receiving intent data from a potential buyer, wherein the intent data identifies an item the potential buyer intends to purchase within a particular time period;  
determining a reward for the potential buyer based on the intent data,  
in which the reward comprises money for the potential buyer;  
receiving a payment identifier of a financial account of the potential buyer;  
issuing the reward to the potential buyer; and  
applying a penalty to the financial account of the potential buyer if the potential buyer does not purchase the item within the particular time period.

78. The method of claim 77, further comprising the step of:  
calculating the penalty, wherein the calculation takes into account a value of the reward.

79. The method of claim 77, wherein the step of applying the penalty comprises the steps of:

receiving a confirmation that the potential buyer has purchased within the particular time period a similar item to the item the potential buyer intended to purchase; and

applying a partial penalty to the financial account of the potential buyer, wherein the partial penalty is less than a total penalty charged when the potential buyer fails to purchase the item within the particular time period.

80. The method of claim 77, wherein the step of applying the penalty to the potential buyer comprises the steps of:

receiving a confirmation that the potential buyer has purchased within the particular time period a similar item to the item the potential buyer intended to purchase; and

applying a partial penalty to the financial account.

81. A method for identifying potential buyers, comprising the steps of:  
receiving a description of an item a potential buyer intends to purchase within a particular time period, the description having a degree of specificity;  
receiving a degree of certainty with which the potential buyer intends to purchase the item within the particular time period;  
receiving a payment identifier of a financial account of the potential buyer;  
determining a reward offer associated with a reward based on at least one of the degree of specificity, the degree of certainty, and a length of the particular time period;  
outputting the reward offer to the potential buyer,  
in which the reward offer comprises an offer for money for the potential buyer;  
receiving a confirmation signal indicating that the potential buyer purchased the item within the particular time period;  
determining whether the confirmation signal indicating that the potential buyer has purchased the item within the particular time period has been received;  
and  
applying a penalty to the financial account of the potential buyer when the potential buyer has not purchased the item within the particular time period.

82. The method of claim 81, further comprising the step of:  
calculating the penalty, wherein the calculation takes into account a price of a reward associated with the reward offer.

83. A method for identifying potential buyers, comprising the steps of:  
receiving a description of an item a potential buyer intends to purchase  
within a particular time period, the description having a degree of specificity;  
receiving a degree of certainty with which the potential buyer intends to  
purchase the item within the particular time period;  
receiving a payment identifier of a financial account of the potential buyer;  
determining a reward offer associated with a reward based on at least one of  
the degree of specificity, the degree of certainty, and a length of the particular time  
period;  
outputting the reward offer to the potential buyer,  
in which the reward offer comprises an offer for money for the  
potential buyer;  
receiving a confirmation signal indicating that the potential buyer purchased  
the item after the particular time period; and  
applying a partial penalty to the financial account of the potential buyer.

84. A method for identifying potential buyers, comprising the steps of:  
receiving a description of an item a potential buyer intends to purchase  
within a particular time period, the description having a degree of specificity;  
receiving a degree of certainty with which the potential buyer intends to  
purchase the item within the particular time period;  
receiving a payment identifier of a financial account of the potential buyer;  
determining a reward offer associated with a reward based on at least one of  
the degree of specificity, the degree of certainty, and a length of the particular time  
period;  
outputting the reward offer to the potential buyer,  
in which the reward offer comprises an offer for money for the  
potential buyer;  
receiving a confirmation signal indicating that the potential buyer purchased  
within the particular time period a similar item to the item the potential buyer  
intended to purchase; and  
applying a partial penalty to the financial account of the potential buyer.



85. A method for identifying potential buyers, comprising the steps of:  
receiving a description of an item a potential buyer intends to purchase within a particular time period, the description having a degree of specificity;  
receiving a degree of certainty with which the potential buyer intends to purchase the item within the particular time period;  
receiving a payment identifier of a financial account of the potential buyer;  
determining a reward offer associated with a reward based on at least one of the degree of specificity, the degree of certainty, and a length of the particular time period;  
outputting the reward offer to the potential buyer,  
in which the reward offer comprises an offer for money for the potential buyer;  
receiving a confirmation signal after the particular time period indicating that the potential buyer purchased the item within the particular time period; and  
applying a partial penalty to the financial account of the potential buyer.

86. A method for identifying potential buyers, comprising the steps of:

- (a) receiving intent data from a potential buyer intending to purchase an item within a particular time period;
- (b) associating a financial account with the potential buyer;
- (c) determining a reward offer associated with a reward based on a value of the intent data;
- (d) outputting the reward offer to the potential buyer;
- (e) determining whether the potential buyer accepts the offer;
- (f) modifying the offer if the potential buyer rejects the offer;
- (g) repeating steps (d) through (f) until the potential buyer accepts the offer;
- (h) issuing the reward to the potential buyer;
- (i) receiving a confirmation signal indicating that the potential buyer has purchased the item corresponding to the intent data;
- (j) determining whether the confirmation signal is valid; and
- (k) applying a penalty to the financial account if the confirmation signal is invalid.

87. The method of claim 86, wherein the step of determining whether the confirmation signal is valid includes one or more of the steps of:

- verifying a potential buyer identifier;
- determining whether the confirmation signal was received within the particular time period; and
- determining whether the new item purchased by the potential buyer is related to the item the potential buyer intended to purchase within the particular time period.

88. The method of claim 86, wherein the penalty is calculated based on a value of the reward.

89. A central server system, comprising:  
a processor;  
a storage device coupled to the processor; and  
software operative to run on the processor to issue a reward to a potential buyer in exchange for demand information, the demand information including at least a description of an item the potential buyer intends to purchase within a particular time period,

wherein the software is operable to direct the processor to charge a penalty to a financial account of the potential buyer if a confirmation signal is not received within the particular time period.

90. A central server system, comprising:  
a processor;  
a storage device coupled to the processor; and  
software operative to run on the processor to issue a reward to a potential buyer in exchange for demand information, the demand information including at least a description of an item the potential buyer intends to purchase within a particular time period,

wherein the software is operable to direct the processor to charge a penalty to a financial account of the potential buyer if the potential buyer does not purchase the item within the particular time period.

## **APPENDIX B—EVIDENCE**

<NONE>

## **APPENDIX C—RELATED PROCEEDINGS**

<NONE>